

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

Application of Cog Operating, LLC, Case Nos. 21625, 21626
Operating, LLC, for Compulsory
Pooling in Lea County, New Mexico

Application of Tap Rock Resources, Case Nos. 21609, 21610
Resources for Compulsory Pooling
in Lea County New Mexico

Application of MRC Permian for Case Nos. 21631, 21632
Compulsory Pooling in Lea County,
New Mexico

REPORTER'S TRANSCRIPT OF PROCEEDINGS

STATUS CONFERENCE

THURSDAY, JANUARY 7, 2020

This matter came on for hearing before the
New Mexico Oil Conservation Division, William
Brancard, Hearing Examiner, Dylan Rose-Coss,
Technical Examiner, Dean McClure, Technical
Examiner, via Cisco Webex Virtual Meeting Platform

Reported by: Mary Therese Macfarlane
New Mexico CCR No. 122
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A P P E A R A N C E S

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For the Applicant: Michael Rodriguez, Esq.
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For Tap Rock: Sharon T. Shaheen, Esq.
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For MRC Permian: Kaitlyn Luck, Esq.
Holland & Hart
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Also Present: James Bruce, Esq.
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I N D E X

CASE 21625, 21626	PAGE
CASE CALLED:	3

1 (Time noted 9:39 a.m.)

2 HEARING EXAMINER BRANCARD: So I think we are
3 now heading into status conferences; is that correct?

4 EXAMINER ROSE-COSS: Looks as if.

5 HEARING EXAMINER BRANCARD: Okay. So again
6 Mr. Rodriguez I think indicated that a number of these
7 cases can be considered together, so let's try to figure
8 out where we are.

9 We will call Case 21626, but if there are
10 other cases that should be called along with it, please
11 let us know, and how we want the parties to proceed.

12 Let's start with you, Mr. Rodriguez.

13 MR. RODRIGUEZ: Thank you. Michael Rodriguez
14 with COG Operating, LLC.

15 This case is a companion case with 216 --
16 let me find it -- 21625.

17 And these cases are competing with Tap
18 Rock's Cases 21609 and 21610.

19 HEARING EXAMINER BRANCARD: Okay. Let me call
20 for additional entry of appearances starting with Tap
21 Rock.

22 MS. SHAHEEN: Good morning, Mr. Examiner.

23 Sharon Shaheen, Montgomery & Andrews on
24 behalf of Tap Rock.

25 Mr. Bruce previously filed these

1 applications and entered an appearance. I'm not sure if
2 he is on the line, but I understand he is going to be
3 withdrawn and I will be entering an appearance on behalf
4 of Tap Rock in all of these cases.

5 MR. BRUCE: This is Jim Bruce. Can you hear me
6 now?

7 HEARING EXAMINER BRANCARD: We can, Mr. Bruce.

8 MR. BRUCE: Okay. Sharon, you're in the -- the
9 next cases, the -- no, that's right. This is the
10 Coonskin.

11 Yes. Sorry I couldn't unmute myself.

12 I filed these applications but, Mr.
13 Examiner, I'm conflicted out, so Sharon will be handling
14 this matter, or these matters for Tap Rock.

15 HEARING EXAMINER BRANCARD: Okay. So is
16 everyone agreed that we will treat Ms. Shaheen's
17 appearance today as an Entry of Appearance? You can also
18 please file something, but you're here today.

19 And are we agreed that these four cases
20 should be considered together?

21 MS. SHAHEEN: Mr. Examiner, yes, I understand
22 there are also two other competing cases. And Ms. Luck, I
23 think, had entered an appearance in the Tap Rock cases,
24 and perhaps also in the Concho cases. Mr. Rodriguez can
25 help me clarify that.

1 And these are on cases that are set on the
2 February 4th docket, and that is Case Nos. 21631 and
3 21632, which I believe are also competing.

4 (Note: Reporter interruption.)

5 MS. LUCK: Yes. Good morning, Mr. Examiner.
6 Kaitlyn Luck with the Santa Fe office of Holland & Hart on
7 behalf of MRC Permian.

8 And as Ms. Shaheen has referenced that
9 Matador has filed competing applications in Cases 21631
10 and 21632 and has requested that those cases be
11 consolidated with these that are being considered today
12 for status conference so they can all be set for a
13 contested hearing.

14 HEARING EXAMINER BRANCARD: Okay. But your
15 cases are not on the agenda today, correct? They are on
16 the agenda --

17 MS. LUCK: That's correct.

18 HEARING EXAMINER BRANCARD: -- for February 4th;
19 is that correct?

20 MS. LUCK: Yes.

21 HEARING EXAMINER BRANCARD: Okay. All right.

22 Well, so we have six cases now, and so let
23 me find out if there are other interested parties in these
24 matters.

25 Hearing none, who would like to take the

1 lead on offering where we go with these cases?

2 MS. SHAHEEN: I'm willing to take that initial
3 step.

4 Tap Rock believes that this should be heard
5 no later than March. Of course we are -- are need to know
6 what the Division's availability is, but Tap Rock is
7 available and willing to set this for contested hearing at
8 sometime in March.

9 HEARING EXAMINER BRANCARD: Okay. Mr.
10 Rodriguez.

11 MR. RODRIGUEZ: So as I understand, there are no
12 lease expirations or timing issues with any of the
13 parties, and would appreciate having a hearing sometime in
14 April or later, partly because COG and Conoco Phillips
15 will just have closed, recently closed a merger and there
16 will be significant reshuffling of personnel and
17 responsibilities. So we would like sufficient time to
18 prepare for and address these matters in a contested
19 hearing.

20 HEARING EXAMINER BRANCARD: Okay. Let's try
21 Ms. Luck.

22 MS. LUCK: Thank you. And MRC is okay with
23 April or May hearing dates, either way. I know that Ms.
24 Shaheen suggested March, but it doesn't sound like that
25 works for EOG, so MRC is generally amenable to any

1 (inaudible).

2 HEARING EXAMINER BRANCARD: Ms. Shaheen?

3 MS. SHAHEEN: Yes, Mr. Examiner. There is
4 uncertainty here about the merger between COG and
5 Conoco-Phillips. There's also concern here because there
6 is a federal lease that is part of the spacing unit that
7 is proposed by MRC Permian and also by COG, and in light
8 of the change in administration there's concern that this
9 could hold up drilling. And Tap Rock has significant
10 interest, I believe 25 percent net revenue interest, in
11 any of the spacing units and would like to ensure that
12 they've proceeded in a timely manner so that they can
13 recover their investment and provide royalties and
14 severance taxes for the state as soon as possible.

15 And that's why they request a hearing be
16 set in March.

17 HEARING EXAMINER BRANCARD: Okay. Well, for
18 what limited information I have it appears that the
19 Division does have opportunities here both in March and
20 April. And so perhaps it's better just to set this for
21 March 18th, and then if the parties want to agree to a
22 continuation, you can always do that.

23 So why don't we set the hearing for March
24 18th.

25 MS. SHAHEEN: Tap Rock would appreciate that

1 setting. Thank you, Mr. Examiner.

2 MS. LUCK: That works for MRC, as well. Thank
3 you.

4 HEARING EXAMINER BRANCARD: Okay. So how do we
5 proceed? Do you-all want to come up with an Order or do
6 we come up with an Order? How do we do this?

7 MS. SHAHEEN: This is Sharon.

8 In the past we've done it both ways. Uhm,
9 Hearing Examiner Orth has lately taken to just drafting an
10 Order, but I'm happy to prepare one and provide that Word
11 document to you.

12 HEARING EXAMINER BRANCARD: Yeah, why don't you
13 go ahead and do that. I mean, the important thing here is
14 that we are now putting six cases all together, so that we
15 need to have everybody on Notice that that is what's going
16 on here.

17 MS. SHAHEEN: I'm happy --

18 HEARING EXAMINER BRANCARD: So if you would
19 submit a draft of that, that would be great.

20 MS. SHAHEEN: I will do that. And I will confer
21 with my colleagues before I provide it to you.

22 HEARING EXAMINER BRANCARD: That would be
23 wonderful.

24 Okay. Are there any other issues involved
25 in these cases, four of which are on the docket and two of

1 which are not?

2 Hearing none, I think we'll move on to
3 other matters. Thank you.

4 (Time noted 9:47 a.m.)

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5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
 7 CCR No. 122, DO HEREBY CERTIFY that on Thursday,
 8 January 7, 2021, the proceedings in the above-captioned
 9 matter were taken before me; that I did report in
 10 stenographic shorthand the proceedings set forth herein,
 11 and the foregoing pages are a true and correct
 12 transcription to the best of my ability and control.

13 I FURTHER CERTIFY that I am neither employed by
 14 nor related to nor contracted with (unless excepted by the
 15 rules) any of the parties or attorneys in this case, and
 16 that I have no interest whatsoever in the final
 17 disposition of this case in any court.

18

/s/ Mary Macfarlane

19

20 Mary Therese Macfarlane, CCR
 21 NM Certified Court Reporter No. 122
 License Expires: 12/31/2021

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